

ENRON CORP

11/29/95

Re: Paying off Enron Loan

K,

I've realized that we were advised by James that according to Reg U, we cannot use borrowed funds to pay off this purpose loan.

8/22 \$2,605,000.00 to pay down purpose line
11/8 1,926,983.60 " " " " "
\$4,531,983.60
10/4 - 173,000.00 repaid from income for 9/95
10/26 -1,000,000.00 repaid from option exercise
\$3,358,983.60 outstanding balance

Legally, we can pay back another \$155,292 from income for the 10/1 - 11/29 period, but no more than that. Please advise.

K.

Sally Keepers

LAY-G18 0183